

**TESTIMONY OF  
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DHS CHIEF PROCUREMENT OFFICER  
BEFORE THE HOUSE COMMITTEE ON REFORM  
MAY 4, 2006**

Mr. Chairman, Congressman Waxman and Members of the Committee, thank you for the opportunity to discuss the Department of Homeland Security (DHS) acquisition program and our role in providing support to FEMA in its response to Hurricane Katrina. Accompanying me today is Ms. Deidre Lee who is the Deputy Director of Operations and the Chief Acquisition Officer for FEMA. Ms. Lee joined the FEMA leadership team in April. She brings a wealth of acquisition experience that will greatly contribute to FEMA's success in improving their disaster response and recovery operations. She joins me today to answer any questions that this Committee may have concerning FEMA's plans on moving forward. I ask that the Committee include my full statement in the record and I will summarize my remarks.

I am the Chief Procurement Officer for the Department of Homeland Security (DHS). I am a career executive and have spent most of my 23 years of federal service in the procurement profession. In October 2004, I was selected as the Deputy, Chief Procurement Officer for DHS. Because

of my experience with establishing a new acquisition program in a start-up organization, in May 2005, I was detailed to serve as the Acting Director for the Office of Procurement Operations. In November 2005, I returned to the Deputy CPO position and on January 31, 2006, I was selected as the Department's Chief Procurement Officer.

As the Chief Procurement Officer (CPO), I provide oversight and support to the eight procurement offices within DHS. In addition to the Federal Emergency Management Agency (FEMA), the seven other procurement offices include the U.S. Customs and Border Protection (CBP), Transportation Security Administration (TSA); Immigration and Customs Enforcement (ICE); the Federal Law Enforcement Training Center (FLETC); United States Coast Guard (USCG); United States Secret Service (USSS), and the Office of Procurement Operations. Collectively, these eight procurement offices obligated over \$17 billion for supplies and services in support of the DHS mission in fiscal year 2005. Given the mission that each of these contracting offices supports, the supplies and services purchased by these offices are most often sophisticated and complex. For example, to support its mission of air passenger security TSA has purchased increasingly sophisticated screening equipment for

both personnel and carry-on and stowed baggage. We are also working with CBP, in support of its mission to secure the nations land borders, to acquire the technologies to implement the Secure Border Initiative. The United States Coast Guard is in the midst of upgrading the entire offshore fleet of surface and air assets in the very large and complex Deepwater program. This program is a critical multiyear, multibillion dollar program to integrate, modernize and replace the Coast Guard's aging ships and aircraft and improve systems for logistics and command and control. The Department is currently in the process of evaluating offers under our Eagle and First Source programs which will become one of the Government's largest programs for Information Technology equipment and services.

Given the sophistication and complexity of our procurements, my top two goals for the DHS acquisition program are:

- First, to establish an acquisition system whereby each requirement has a well defined mission and a team that includes a program manager, a contracting officer, a financial manager, and other needed professionals to achieve mission results.

- My second goal is to build the DHS acquisition workforce. I am focusing on developing the DHS Fellows Program that recruits recent college graduates and allows DHS to train and mentor them to ensure for now and in the future that DHS has a qualified cadre of acquisition professionals to support its mission.

As the CPO, my primary responsibility is to manage and oversee the DHS acquisition program. I provide the acquisition infrastructure by providing acquisition policies and procedures that allow DHS contracting offices to operate in a uniform and consistent manner. I ensure more effective buying across the eight contracting offices through the use of strategic sourcing commodity councils that allow DHS to secure volume discounts whenever possible. Commodity councils are cross departmental teams of subject matter experts that focus on developing the best strategy for acquiring groups of products and services. While I provide the infrastructure, the responsibility for properly planning and executing procurements rests with the components since, with the exception of the DHS's Office of Procurement Operations, each contracting office reports directly to the heads of the component it supports.

Because seven of eight contracting offices report to the heads of their components, I strive to achieve functional excellence among the offices primarily through collaboration. I use the DHS Chief Acquisition Officers Council, comprised of the heads of each contracting office, to integrate the contracting function while maintaining the components' ability to meet their customers' unique needs.

### Supporting FEMA

Hurricane Katrina caused unprecedented damage and given the enormity and scope of this damage it became apparent that FEMA's acquisition staff would need additional support from our office. Therefore, shortly after August 29, 2005, an entire division in my office was redirected and dedicated themselves for 30 days to assist FEMA's procurement operations. They successfully awarded some 62 contract actions totaling over \$100 million. In addition, my office provided the following support:

- Dedicated five staff members to support FEMA contracting, standing up the Hurricane Katrina Disaster Relief Team from October 2005 through mid December 2005. This team assisted

with managing administrative issues associated with the response to Hurricane Katrina such as responding to inquiries from Congress, the press, the White House, and assisting with the recruitment of volunteers from other Federal agencies.

- Provided an on-site senior acquisition professional to the Katrina Recovery Office headed by Vice Admiral Thad Allen.
- Authorized the use of special emergency procurement authorities increasing the thresholds for micro-purchases, simplified acquisitions, and the test program for commercial items.
- Secured 60 additional positions to handle post Katrina work including both contracting and program management personnel. Provided two staff members to the Hurricane Contracting Information Center (HCIC) from October through early March. This center, managed by the Department of Commerce, provides a central point of reference for businesses, especially minority owned small businesses, to register for and become aware of federal contracting opportunities in the Gulf Coast.
- Our Office of Small and Disadvantaged Business Utilization actively promoted small business and minority owned business participation in the Gulf region relief and recovery effort through its participation

in numerous conferences. In addition, this office provides on-going advice and counsel to FEMA on developing acquisition strategies that promote viable business opportunities for small and socially and economically disadvantaged businesses. For example, FEMA recently awarded 25 contracts with a value of up to \$100 million each, and expects to award a total of 37 contracts with a potential value of \$100 million each, for temporary housing maintenance and support for Gulf Coast hurricane recovery. These competitive five-year contracts are being awarded to small and small disadvantaged businesses certified by the Small Business Administration (SBA) under its 8(a) program.

- We manage the collection, analysis and reporting of Department of Homeland Security (DHS) Hurricane Katrina acquisition data. This information provides Senior DHS management as well as other U.S. Government agencies with timely information and analysis on our contracting efforts in delivering hurricane relief and recovery.
- We are assisting FEMA in obtaining contract administrative services from the Defense Contract Management Agency (DCMA). DCMA is widely recognized throughout the procurement community as the center of excellence for contract administration.

- We work with the Government Accountability Office (GAO) and Inspector General (IG) during audits of Katrina acquisitions and associated issues. By providing the interface between auditors and FEMA procurement staff, we ensure auditors receive accurate and complete information without unduly disrupting the ongoing Katrina recovery efforts.
- As part of the lessons learned, I am also actively involved in FEMA re-tooling. The objective of this effort is to ensure the proper contract vehicles and contracting workforce and infrastructure are in place to deliver FEMA's mission requirements.
- To support the re-tooling effort, my office assembled a dedicated team, including a staff member from my office, to assist FEMA in identifying its requirements and writing the specifications for the supplies and services needed for responding to future hurricanes. This work is on-going.

### Katrina Acquisition Oversight

Within the Department, we have formed the "Hurricane Internal Control/Procurement Oversight Board." This board was established to



assure financial and procurement control and integrity over hurricane funding that the Department receives. This board coordinates internal control policy and management oversight issues in the appropriate use of hurricane related funding. The five people who compose the board are the Under Secretary for Management, the Chief Financial Officer, the General Counsel, the Chief of Operations at FEMA, and me as the Chief Procurement Officer. In addition, a sixth person, the DHS Inspector General, Mr. Rick Skinner is an advisory member of the board.

Within my office, we have a “procurement review board.” This board is reviewing high-risk Katrina contract actions to verify what was purchased, the reasonableness of the price, and the extent of competition. Special attention is being paid to the Fluor, Shaw, CH2MHill, and Bechtel contracts because of the large dollar values and the fact that they were awarded without full and open competition.

Since the disaster, the Oversight Division within my office has reviewed purchase card transactions made in excess of the standard threshold for micro-purchases of \$2,500 and is in the process of reviewing more than 250 purchase orders. All contract actions over \$25 million and all contract

actions over \$5 million that were awarded without full and open competition will be individually reviewed. For smaller contracting actions below the standard simplified acquisition threshold, a sample of actions will be reviewed.

My office has obtained Defense Contract Audit Agency (DCAA) support to review contract proposals. Their expertise is providing assistance in support of hurricane relief efforts for FEMA contracting officers by reviewing, auditing, evaluating, and analyzing costs to ensure they are properly allowable and allocable to task orders.

As we continue to move forward with the recovery effort and prepare for the hurricane season, as the CPO, I will work closely with FEMA's senior leadership, in particular Ms. Lee, the Deputy Director of Operations and the Chief Acquisition Officer for FEMA, to ensure FEMA successfully obtains the resources authorized to build their acquisition corps and fulfill their commitment to re-compete contracts as appropriate. I will also continue to actively participate in the FEMA retooling effort and continue with the oversight activities. On a Federal level, as a member on the Federal Chief Acquisition Officers Council, I will continue leading the effort of developing

a contingency contracting program within the Federal Government so the procurement community has the tools to provide an integrated Federal response to an incident of national significance.

## Summary

Hurricane Katrina was a disaster of historical proportion and the acquisition professionals at FEMA and in other agencies responded quickly to meet the immediate needs to protect life and property and to provide support to the victims. Upon reflection, our response to Hurricane Katrina revealed the need for improvements in how we respond to such devastating events. For the acquisition community, we recognized the need for increased staffing and we are hiring additional personnel. We also recognize the need for additional, long term contracts to improve FEMA's ability to respond to emergencies. We are addressing that area with the award of many disaster related contracts, including the competitive award of the planned National Individual Assistance Technical Assistance Contracts (IA-TAC)– that will provide support primarily for housing disaster victims. As our oversight continues on the contracting activities related to Hurricane

Katrina, we will have the opportunity to use the results of those reviews to improve contracting operations for the future.

I thank the Committee for your aid in this effort and look forward to working with you. This completes my prepared statement and I am happy to answer any questions you may have.